16

STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-2012)

FIFTEENTH LOK SABHA

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

{Action Taken by the Government on the observations/recommendations contained in the Eighth Report of the Committee on the subject, "Food Subsidy and Its Utilisation" relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

SIXTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

March, 2012/ Chaitra, 1934 (Saka)

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Presented to Lok Sabha on ---------

Laid in Rajya Sabha on ----------

LOK SABHA SECRETARIAT
NEW DELHI

March, 2012/ Chaitra, 1934 (Saka)

CONTENTS

		PAGE
Composition of the Committee ……		(ii)
INTRODUCTION ……...		(iv)
Chapter I	Report……	01
Chapter II	Observations/Recommendations which have been accepted by the Government……	24
Chapter III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies……...	46
Chapter IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee ……..	47
Chapter V	Observations/Recommendations in respect of which final replies of the Government are still awaited……	48

APPENDICES

(I)	Minutes of the 6th sitting of the Committee held on 9th January, 2012 ……..	49
(II)	Analysis of the action taken by the Government on the recommendations contained in the Eighth Report of the Committee ……..	51

COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION – 2011-12

Shri Vilas Muttemwar - *Chairman*

MEMBERS

Lok Sabha

2. Shri Jaywant Gangaram Awale**
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Dhotre
7. Dr. Ram Chandra Dome
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11. Shri Marotrao Sainuji Kowase
12. Shri Gobinda Chandra Naskar
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15. Shri Purnmasi Ram
16. Shri Ramkishun
17. Shri Chandulal Sahu (Chandu Bhaiya)
18. Dr. Naramalli Sivaprasad*
19. Smt. Usha Verma **
20. Vacant
21. Vacant

Rajya Sabha

22. Smt. T. Ratna Bai
23. Dr. M.S. Gill
24. Shri P. Kannan
25. Shri Lalhming Liana
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Sanjay Raut
29. Dr. T.N. Seema
30. Shri Veer Singh
31. Shri Kaptan Singh Solanki

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* Nominated w.e.f. 25.11.2011

** Nominated w.e.f. 03.01.2012

SECRETARIAT

1. Shri P. K. Misra	-	Joint Secretary
2. Smt. Veena Sharma	-	Director
3. Shri Khakhai Zou	-	Under Secretary
4. Shri Anil Kumar	-	Committee Officer

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2011-12) having been authorized by the Committee to submit the Report on their behalf, present this Sixteenth Report on Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Committee on the subject, "Food Subsidy and Its Utilisation" of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Eighth Report was presented to Lok Sabha and laid in Rajya Sabha on 20th August, 2010. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 19th November, 2010.

3. The Report was considered and adopted by the Committee at their sitting held on 9th January, 2012.

4. An analysis of the action taken by the Government on Observations/Recommendations contained in the Report is given in **Appendix II**.

5. For facility of reference and convenience, the Observations/Comments of the Committee have been printed in thick type in the text of the Report.

NEW DELHI
9th January, 2012
19 Pausa 1933 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

CHAPTER - I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report (15th Lok Sabha) on the subject, "Food Subsidy and Its Utilisation" pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

1.2 The Eighth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 20 August, 2010. It contained 15 observations/ recommendations. Action Taken Notes in respect of all the 15 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

(i) Observations/Recommendations which have been accepted by the Government :

Serial Nos. – 1, 2, 3, 5, 6, 7, 8, 10, 11, 12, 13, 14 and 15.

(Paragraph Nos. – 2.28, 2.29, 2.30, 2.32, 2.33, 3.11, 3.12, 5.8, 6.7, 6.8, 7.7, 7.8 and 8.5).

(Chapter –II, Total 13)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government

Serial No. 4

(Paragraph No. - 2.31)

(Chapter –III, Total 1)

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Serial No. 9
(Paragraph No. – 4.6)

(Chapter – IV, Total 1)

(iv) Observations/Recommendations in respect of which the interim replies of the Government have been received.

Serial No. Nil
(Paragraph Nos. – Nil)

(Chapter – V, Total Nil)

1.3 The Committee desire that the replies in respect of the Observations/Recommendations contained in Chapter-I of this Report be furnished to the Committee within three months of the presentation of this Report.

1.4 The Committee strongly emphasize that utmost importance should be given to the implementation of Observations/Recommendations accepted by the Government. In case where it is not possible for the Government to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.5 The Committee will now deal with action taken by the Government on some of the recommendations.

A. Need to finalize the methodology for identification of the Rural/Urban Poor/BPL/AAY families in a time bound manner

Recommendation (Serial No. 1, Para No. 2.28)

1.6 The Committee in their earlier report observed/recommended as follows: -

"The Committee note that the amount of Food Subsidy which was Rs. 31,260 crore in 2007-08 has increased to Rs. 68,198 crore in 2010-11 due to the increasing gap between Minimum Support Price (MSP) and Central Issue Price (CIP) of wheat and rice supplied to AAY, BPL and APL families under PDS. Various measures taken by the Government to contain the Food Subsidy Bill have not shown any positive result. The Committee are surprised to note that the Government has no updated data of the population living below the poverty line. Though poverty estimates have been made by various other Committees, viz. Arjun Sengupta Committee, Saxena Committee and Tendulkar Committee, the requirement of foodgrains and subsidy is decided on the basis of survey conducted by Planning Commission which is the lowest poverty estimate in the country based on poverty estimates of 1993-94. The Committee are of the opinion that the distribution of foodgrains at subsidized rates involving huge public expenditure would be a futile exercise until and unless the benefits of the TPDS reach the poorest of the poor in the country. The Committee, therefore, recommend that the Government should also take into account the findings of other committees and the existing level of income and expenditure structure for finalizing the poverty estimates of AAY and BPL population in a time bound manner for deciding the allocation of foodgrains under TPDS so that the benefits of food subsidy actually reach the maximum number of AAY and BPL population."

1.7 The Ministry in their action taken reply have stated as under:-

"Planning Commission is the nodal agency of the Government of India for estimating poverty at National and State levels.

The Planning Commission constituted an Expert Group to review the methodology of estimation of poverty under the Chairmanship of Prof. Suresh D Tendulkar in December, 2005. The Expert Group submitted its report in December, 2009 and the salient features of the report are as follows:

i) The Expert Group has acknowledged the multi-dimensional nature of poverty and recommended that the estimates of poverty continued to be based on private household consumer expenditure collected by National Sample Survey Organisation (NSSO).

ii) The Group has recommended to move away from anchoring the poverty lines to the calorie intake norm.

iii) In line with the decision of the National Sample Survey Organisation (NSSO), it has been recommended to adopt the Mixed Reference

Period (MRP) based estimates of consumption expenditure as the basis for future poverty lines.

iv) The Expert Group has also recommended MRP equivalent of urban Poverty Line Basket (PLB) corresponding to 25.7% urban headcount ratio as the new reference PLB.

v) The proposed poverty lines have taken into account the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditure consistent with nutritional, educational and health outcomes.

vi) The new poverty lines have been generated for all the States including the north-eastern States.

vii) On the basis of above methodology, the all India rural poverty headcount ratio for 2004-05 is estimated at 41.8%, urban poverty headcount ratio at 25.7% and all India level at 37.2%.

In the Mid Term Appraisal of the Eleventh Five Year Plan (2007-12), it has been indicated that the revised poverty lines recommended by the Tendulkar Committee have been accepted by the Planning Commission for 2004-05.

The Ministry of Rural Development issues guidelines for conducting of BPL census in rural areas. That Ministry had appointed an Expert Group for suggesting suitable framework and methodologies for identification of the rural poor. The Expert Group under the Chairmanship of Dr. N.C. Saxena submitted its Report which has been considered by an inter-ministerial core group. The core group has also held wide consultations on the subject including with the State Governments. As advised by the core group, the Ministry of Rural Development is in the process of conducting a pre-testing study to establish the final methodologies for identification of the rural poor. For urban areas, the Planning Commission have set up an Expert Group headed by Prof. S.R. Hashim on 13.5.2010, to recommend the detailed methodology for identification of families living below poverty line in the urban areas.

Presently, the Government is also actively considering enacting a law on Food Security, which would address many important issues of food security and public distribution system".

Comments of the Committee

1.8 The Committee had recommended in their original Report that the Government should also take into account the findings of other Committees and the existing level of income and expenditure structure for finalizing the poverty estimates of AAY and BPL population in a time bound manner for deciding the allocation of foodgrains under TPDS so that the benefits of food subsidy actually reach the maximum number of AAY and BPL population. The Committee find from the action taken reply of the Department that the Planning Commission/concerned Ministries are in the process of finding and finalizing methodology for identification of the Rural/Urban poor/BPL/AAY families. They are also actively considering enacting a law on Food Security, which would address many important issues of Food Security and Public Distribution System. The Committee would like to be apprised of the further action taken by the Department during the intervening period and the present status of the matter. The Committee would also like to know whether the Department has fixed any time limit to complete their action as per the recommendation of the Committee.

B. Need to implement the scheme to distribute equivalent amount of food subsidy in cash instead of subsidized foodgrains to BPL/AAY families expeditiously

Recommendation (Serial No. 2, Para No. 2.29)

1.9 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that the proposal of the Department of Food and Public Distribution to distribute equivalent amount of food subsidy in cash, instead of subsidized foodgrains, to the eligible BPL and AAY families is still pending consideration. The Committee hope that the Department of Food and Public Distribution will pursue the matter with the Ministry of Finance for an early decision on the proposal."

1.10 The Ministry in their action taken reply have stated as under:-

"The Department has prepared a draft scheme to test the feasibility of direct transfer of food subsidy in cash to BPL/AAY beneficiaries under TPDS. The scheme envisages transfer of food subsidy in cash to BPL/AAY families instead of distribution of foodgrains as is being done at present. This scheme has been prepared on the basis of proposals received from the State Governments of Uttar Pradesh, Haryana and Delhi. The draft scheme is for pilot implementation in five districts.

Under the draft scheme, it is proposed to disburse equivalent amount of food subsidy in cash instead of subsidized foodgrains to the eligible BPL & AAY families. The amount of food subsidy will be deposited directly by the concerned district authorities in bank/post office accounts to be opened by each of the beneficiaries. With the cash subsidy, the BPL/AAY families would be able to purchase foodgrains and sugar of their choice from open market instead of taking delivery from the fair price shops as at present. The draft scheme is under examination in consultation with Ministry of Finance, Department of Expenditure, who have been last reminded on 14.09.2010."

Comments of the Committee

1.11 The Committee in their original report hoped the Department of Food and Public Distribution to pursue the proposal for payment of equivalent amount of food subsidy in cash to the eligible BPL and AAY families with the Ministry of Finance for early decision. The Department in their action taken reply merely stated that the draft proposal is under examination in consultation with Ministry of Finance (Department of Expenditure), who have been last reminded on 14.09.2010. The Committee are not satisfied with such a general statement. The Committee, therefore, urge the Department to apprise them of the details about the implementation of the pilot scheme in five districts such as the action taken by the District authorities regarding the number of BPL/AAY families in each District, the number of Bank/Post office accounts that have been opened by them, etc., within three months from the date of presentation of this Report to the Parliament. The Committee be further apprised of the target date for completing the pilot implementation of the scheme in five districts.

C. Need for Measures to Prevent Storage/Transit losses

Recommendation (Serial No. 5, Para No. 2.32)

1.12 The Committee in their earlier report observed/recommended as follows:-

"The Committee are unhappy to note that despite several steps taken by FCI to minimize the storage and transit losses, there is no reduction in such losses. The Committee are of the opinion that due to poor maintenance of godowns, a large quantity of valuable foodgrain is lost every year. The Committee, therefore, strongly recommend that FCI should adopt scientific and modern technology for storage and ensure timely transportation of foodgrains. Any damage of foodgrains that occurs due to human error should be thoroughly investigated and responsibility fixed for such losses and the guilty officials be punished."

1.13 The Ministry in their action taken reply have stated as under:-

"Damage to the foodgrains in FCI godowns are being investigated and responsibility is being fixed for such losses. As a result of various inspections/investigations, which have brought out the delinquents responsible for wastage/damage of foodgrains, details of action taken against the officials are as follows:

Year	**No. of officials proceeded against for wastage/ damage of foodgrains**	**No. of cases finalized**
2007-08	31	26
2008-09	50	43
2009-10	28	25
Total	**109**	**94**

Timely movement of foodgrains

During the year 2010-11 (April to August 2010) 42.26 lakh tonnes of wheat & 21.49 lakh tonnes of rice held by FCI and State Agencies has been moved by rail/road from Punjab. During the same period 24.62 lakh tones of wheat and 5.82 lakh tones of rice held by FCI and State Agencies has been moved from Haryana."

Comments of the Committee

1.14 The Committee note from the action taken reply of the Department that the damage to the foodgrains in FCI godowns are being investigated and 109 Officials have been proceeded against for wastage/damage of foodgrains and 94 cases have been finalized during 2007-08 to 2009-10. It is also noted that during April to August 2010, 42.26 lakh tonnes of wheat and 21.49 lakh tonnes of rice from Punjab and 24.62 lakh tonnes of wheat and 5.82 lakh tonnes of rice held by FCI and State Agencies have been moved from Haryana. The Committee would like to be apprised of the targets fixed and achieved by the Department with regard to inspection for finding out guilty officials causing losses/damage of foodgrains and also targets fixed and achieved with regard to timely movement of foodgrains during each of the five years of XIth Five Year Plan, year-wise, along with reasons for shortfalls, if any for each of the above said issues at the earliest. The Committee would also like to know whether the Department has taken any action regarding adopting scientific and modern technology for storage to avoid any damage to foodgrains in godowns, as per the original recommendation of the Committee, within three months from the presentation of this Report to the Parliament.

D. Need to introduce modern technology such as Smart Cards/Ration Cards for eligible AAY/BPL families

Recommendation (Serial No. 8, Para No. 3.12)

1.15 The Committee in their earlier report observed/recommended as follows:-

"The Committee are perturbed to note that the Government has not conducted any survey to identify the poor families who do not have the ration cards. The Committee feel that the ration card is the only tool through which the poor people can get the subsidized foodgrains from Fair Price Shops. In the opinion of the Committee, it is the responsibility of the Government not only to eliminate the bogus ration cards but also to ensure that no eligible applicant is denied a ration card. The Committee observe that since July, 2006 Government has detected 174.10 lakh bogus/ineligible ration cards from 23 States but they do not have the data of poor persons who have not been issued the ration cards so far. The Committee strongly recommend that the Government should launch a special drive to identify and issue ration cards to poor families under AAY or BPL who have not yet been issued the cards so as to ensure that the benefit of the Public Distribution System reaches the intended people at the grass root level. The Committee feel that the use of modern technology such as smart cards can go a long way in the verification of the genuineness of the card holders and ensuring the effectiveness of PDS."

1.16 The Ministry in their action taken reply have stated as under:-

"Allocation of foodgrains (wheat and rice) is made to States and UTs under Targeted Public Distribution System (TPDS) for 6.52 crore accepted number of BPL families, based on 1993-94 estimates of Planning Commission and population estimates of Registrar General of India as on 1st March, 2000. However, a higher number of BPL ration cards has been issued by States/UTs, which is due to improper targeting of poor households and inclusion as well as exclusions errors. The State/UT Governments have been directed from time to time to review the lists of BPL and AAY families to eliminate bogus/ineligible ration cards and to include more eligible BPL families. All State & UT Governments had been further advised in August, 2009 to take up a special campaign from October, 2009 to December, 2009 for verification of all AAY and BPL ration card holders so as to detect and eliminate bogus/ineligible ration cards.

Further it is stated that the Department of Food and Public Distribution has taken up for implementation a Scheme of Smart Card based delivery of TPDS commodities. The project has been launched on pilot basis in Chandigarh UT and State of Haryana. After evaluation of the implementation of the scheme, the same will be considered to be extended to other States/UTs."

Comments of the Committee

1.17 In Para No. 3.12 of their original Report, the Committee had strongly recommended that the Government should launch a special drive to identify and issue ration cards to poor families under AAY or BPL who have not yet been issued the cards so as to ensure that the benefit of the Public Distribution System reaches the intended people at the grassroot level. However, the Committee are disturbed to find that the Department in their action taken reply has not mentioned any action taken or proposed to be taken by them in this regard. The Department has merely stated that all State/UT Governments had been advised in August 2009 to take up a special campaign from October 2009 to December 2009 for verification of all AAY and BPL ration card holders so as to detect and eliminate bogus/ineligible ration cards. While the Committee have no objection to the Department advising all States/UTs to launch special campaign to eliminate bogus/ineligible AAY/BPL ration card holders, they would like the Department to ensure that bonafide and eligible AAY/BPL families are issued ration cards in order to provide the benefit of the PDS to them. The Committee, accordingly, would like to be apprised of the action taken regarding launching a special drive to identify and issue ration cards to poor families who have not yet been included under AAY/BPL list.

E. Need for Expeditious Liquidation of the Outstanding Dues of States/UTs under Hill Transport Subsidy Scheme (HTS)

Recommendation (Serial No. 9, Para No. 4.6)

1.18 The Committee in their earlier report observed/recommended as follows:-

"The Committee are disappointed to note that claim of huge amount is still pending with Food Corporation of India (FCI) for being paid to States/UTs on account of cost of transportation of foodgrains under Hill Transport Subsidy (HTS) Scheme since 2006 for one or the other reasons. The Committee observe that the total outstanding amount to be reimbursed is Rs. 43,14,32,404, out of which Rs. 1,03,52,005 is to be reimbursed to Sikkim, Rs. 7,30,08,711 to Jammu & Kashmir, Rs. 2,66,52,555 to Himachal Pradesh, Rs. 7,05,01,200 to Mizoram, Rs. 19,17,933 to Tripura and Rs. 25 crore to Arunachal Pradesh on account of cost of transport for lifting the foodgrains from the base depots of FCI. The Committee are not happy with the situation and recommend that the Department/FCI should make sincere efforts for liquidation of the outstanding dues of these States/UTs so that they may be able to lift the foodgrains periodically and the poor people of the hilly and inaccessible States may also get the benefits of subsidized foodgrains under Hill Transport Subsidy (HTS) Scheme".

1.19 The Ministry in their action taken reply have stated as under:-

"Recommendations of the Committee have been communicated to the Food Corporation of India for necessary action and the progress in the matter is being monitored and pursued regularly."

Comments of the Committee

1.20 While observing that claim of huge amount was pending with FCI for being paid to States/UTs on account of cost of transportation of foodgrains under Hill Transport Subsidy (HTS) Scheme since 2006 for one or the other reasons, the Committee had recommended that the Department/FCI should make sincere efforts for liquidation of the outstanding dues of these States/UTs so that they may be able to lift the foodgrains periodically and get the benefit under the HTS Scheme. The Committee are not satisfied with the action taken reply of the Department which states that the recommendation of the Committee have been communicated to the FCI for necessary action and the progress in the matter is being monitored and pursued regularly. The Committee feel that merely forwarding their recommendation to FCI would not suffice. The Department should have spelt out the specific steps taken to liquidate the outstanding dues of the States/UTs, which are long pending. They have also not bothered to apprise the Committee about the progress made in the matter so far. The Committee, therefore, reiterate their recommendation and urge the Department to take vigorous steps to liquidate the outstanding dues of the States/UTs without further delay. They would also wish to be apprised of the progress of implementation of their recommendation within three months from the presentation of this Report to the Parliament.

F. Need for early removal of existing shortcomings in the Decentralised Procurement Scheme to encourage remaining States for their participation

Recommendation (Serial No. 10, Para No. 5.8)

1.21 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that the Decentralized Procurement Scheme like other schemes of the Department, also suffer for want of infrastructural facilities, timely release of funds, submission of utilization certificates and proper planning for distribution of foodgrains. Besides, only six States have undertaken the scheme for procurement of wheat and ten States/UTs for rice within their States. In the opinion of the Committee, DCP scheme is one of the most important schemes being implemented with a view to lessening the burden of FCI and reducing the dependence on Central Government. The Committee would, therefore, urge the Government to remove the above-mentioned shortcomings in the scheme so that the States can contribute towards the Central pool thereby enhancing the food security. The Committee would also like the Department to encourage the other States who have surplus production of foodgrains to participate in the movement of make India hunger-free, by adopting the Decentralized Procurement Scheme."

1.22 The Ministry in their action taken reply have stated as under:-

"The Scheme of Decentralised Procurement (DCP) of foodgrains was introduced in 1997-98 with a view to enhance the efficiency of procurement and PDS and to encourage local procurement and reduce out go of food subsidy. In it, the States undertake the responsibility of procurement of foodgrains, its scientific storage and distribution through Targeted Public Distribution System (TPDS). The surplus of foodgrains procured by DCP States, in excess of their TPDS requirement is handed over to FCI for the Central Pool stocks and deficit, if any, is met by FCI.

The decision regarding adoption of DCP system lies with the State Governments. The determining factors are infrastructure and resources available with the respective State Governments including manpower, storage and necessary logistics required for procurement and accordingly, State Government's readiness to undertake DCP procurement.

The major infrastructure required for procurement operation is the storage facilities for the foodgrains. To assist and encourage the State Governments to create sufficient storage space, Government of India has launched the Scheme for construction of godowns for FCI – Storage requirement through private entrepreneurs – 2008 on 28.07.2008.

This Department has also formulated and circulated on 08.04.2010 a similar scheme for creation of storage space in the DCP States. The State Governments or any agency designated by it will assess the storage gap. The storage space to be created in the DCP States would be so as to meet at least 4 months' requirement of the State and a maximum of its annual TPDS/OWS requirement."

Comments of the Committee

1.23 The Committee in their original Report had urged the Government to remove the shortcomings noticed in the implementation of the Decentralised Procurement (DCP) Scheme and encourage other States also to adopt the scheme and participate in the movement of make India hunger free. In their action taken reply, the Department has stated that the major infrastructure required for procurement operation is the storage facilities for foodgrains. To assist and encourage the State Governments to create sufficient storage space, Government of India has launched the Scheme for construction of godowns for FCI-Storage requirement through private entrepreneurs –2008 on 28.07.2008. The Department has also formulated and circulated on 08.04.2010 a similar scheme for creation of storage space in the DCP States. The Committee are aware that the decision to adopt the DCP Scheme lies with the State Governments. However, while appreciating the initiative of the Government, the Committee would like to be apprised of the efforts made by the Government to encourage other States to adopt the DCP Scheme and ensure their participation in the movement to make India hunger free.

G. Need for Expeditious Liquidation of the Outstanding Dues against M/o RD and M/o HRD

Recommendation (Serial No. 11, Para No. 6.7)

1.24 The Committee in their earlier report observed/recommended as follows:-

"The Committee regret to note that huge amount to the tune of Rs. 3166.24 crore is outstanding on account of food grains supplied to the Ministry of Rural Development and Ministry of Human Resource Development at low cost for their welfare schemes. Out of this, Rs. 2890.82 crore is due against the Ministry of Rural Development and Rs. 265.42 crore towards the Ministry of Human Resource Development (HRD). The Committee fail to understand the reasons behind outstanding dues when the States/UTs are required to deposit the full amount of foodgrains in advance before lifting the foodgrains from the depots of Food Corporation of India (FCI). The Committee feel that the Government is not sincere in the matter of liquidation of the dues. In the opinion of the Committee, the very purpose of the subsidy is defeated if the funds are not utilized properly for the intended purpose. The Committee, therefore, recommend that the Department of Food and Public Distribution should take up the matter with the Ministry of Rural Development and Ministry of Human Resource Development at the highest level for early payment of outstanding dues so that the money could be utilized for the benefit of poor people."

1.25 The Ministry in their action taken reply have stated as under:-

"FCI has informed that under SGRY and MDM schemes of Ministry of Rural Development (MoRD) and Ministry of Human Resource Development (MoHRD) respectively, foodgrains were supplied on credit sale basis and the cost of foodgrains is reimbursed only after submission of bills to the concerned Ministries. However, in case of MoRD supply of foodgrains has not been made since 2008-09.

Regarding supply of foodgrains to MoHRD under MDM scheme, the payment of foodgrains supplied under MDM scheme has been decentralized since 01.04.2010 and the payment is made by concerned Revenue District Authorities (RDA).

To liquidate the outstanding dues against MoRD and MoHRD, continuous efforts are being made by this Department and FCI. "

Comments of the Committee

1.26 The Committee, while observing that a huge amount to the tune of Rs. 3166.24 crore outstanding on account of foodgrains supplied to the Ministries of Rural Development and Human Resource Development indicated Government's non-seriousness to liquidate the dues, had recommended that the Department should take up the matter at the highest levels of the two Ministries for early payment of the outstanding dues. From the action taken reply, the Committee note that while the supply of foodgrains has not been made to Ministry of Rural Development since 2008-09, the payment of foodgrains supplied under Mid-day Meal Scheme has been decentralised since 01.04.2010 and the payment is made by the concerned Revenue District Authorities (RDA). In their reply, the Department has also stated that in order to liquidate the outstanding dues against Ministry of Rural Development and Ministry of Human Resource Development, continuous efforts are being made by the Department and FCI. The Committee would, however, like to be apprised about the outcome of the continuous efforts being made by the Department and FCI and urge the Department to furnish the details of date/month/year-wise efforts made and results achieved in this regard within three months time from the date of presentation of this Report to the Parliament.

H. Need to exempt Procurement of Foodgrains/Coarse Grains from various Taxes including VAT to reduce the Food Subsidy Bill

Recommendation (Serial Nos. 13 & 14, Para Nos. 7.7 & 7.8)

1.27 The Committee in their earlier report (Para 7.7 & 7.8) observed/ recommended as follows:-

"The Committee are unhappy to note that there is no uniformity in various taxes like VAT, market fee, Nirashrit Shulk, Infrastructure Development Tax, Rural Development Tax, etc. levied by respective State Governments on foodgrains procured for Central Pool. Some State Governments like Punjab and Andhra Pradesh are levying as high as 13.5% and 12.5% of taxes, respectively while only 3% is being levied by the West Bengal Government. The Committee have been informed that levying of taxes is the prerogative of the concerned State Governments who generate revenue by way of taxes to meet their State specific requirements. The Committee feel that imposing of heavy tax on foodgrains will adversely affect the procurement movement by FCI for Central Pool which is subsequently paid up by the Government of India as food subsidy. Besides, all the States have not adopted a uniform pattern of VAT on foodgrains. The Committee, therefore, recommend that the Department of Food and Public Distribution should take up the matter with the State Governments/UT Administration and impress upon them to re-look at their taxes and levies on procurement of foodgrains to minimize the heavy burden of Food Subsidy Bill. The Committee also desire that the TAX/VAT should not be levied on the procurement of coarse grain as it is produced by the small farmers in rain-fed areas to meet the local requirement of the States."

1.28 "The Committee further note that the two States namely Gujarat and Rajasthan have exempted wheat from levying of VAT. Similarly, there is no VAT on procurement of rice in seven States, namely, Gujarat, Jharkhand, Karnataka, Kerala, Maharashtra, Rajasthan and West Bengal. The Committee are aware that the concept of Value Added Tax (VAT) was introduced with a view to having harmonized tax structure in respect of all the commodities, under which all the taxes like Sales Tax, Local Mandi Taxes and other market taxes have been merged with VAT. The Committee are of the view that levying of VAT on the foodgrains will ultimately lead to increase in the prices of foodgrains. The Committee, therefore, recommend that the Department of Food and Public Distribution should impress upon the remaining States to exempt the foodgrains from VAT and cooperate with the Central Government to reduce the Food Subsidy Bill."

1.29 The Ministry in their action taken reply to Para 7.7 and Para 7.8 have stated as under:-

"The above recommendations of the Committee were sent to State Governments of Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, West

Bengal, Rajasthan, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Uttar Pradesh and Uttarakhand for comments. With reference to above recommendations, Government of Andhra Pradesh has informed that the State Government has exempted the VAT on the coarsegrains. The State Government has informed that in view of the heavy expenditure being borne on various welfare schemes by the State Governments, like supply of rice @ Rs.2/per Kg involving huge subsidy at State level, it is not possible for them either to remove or to reduce the VAT percentage on rice. The State Government has also expressed its inability to remove the market fee, VAT on rice and RD Cess on paddy. State Government of Karnataka has informed that there is no VAT on sale of procurement of rice in Karnataka. No response from any other State Govt. has been received as yet."

Comments of the Committee

1.30 The Committee had observed that there was no uniformity in various taxes like VAT, market fee, etc., and had, inter-alia, recommended that the Department should impress upon the State Governments to re-look at their various taxes and levies on procurement of foodgrains to minimize the heavy burden of Food Subsidy Bill. The Committee had also observed that VAT was not levied on the procurement of rice by seven States and desired that VAT be exempted on procurement of foodgrains by the remaining States. In their action taken reply, the Department has stated that the above recommendations of the Committee were sent to State Governments of Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, West Bengal, Rajasthan, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Uttar Pradesh and Uttarakhand for their comments. With reference to above recommendations, Government of Andhra Pradesh has informed that the State Government has exempted the VAT on the coarsegrains. The State Government has informed that in view of the heavy expenditure being borne on various welfare schemes by the State Government such as supply of rice @ Rs.2/per Kg involving huge subsidy at State level, it is not possible for them either to remove or to reduce the VAT percentage on rice. They have also expressed their inability to remove the market fee, VAT on rice and RD Cess on paddy. State Government of Karnataka has informed that there is no VAT on sale of procurement of rice in Karnataka. No response from any other State Government has been received as yet. The Committee, therefore, would like to be apprised of the present status/progress with regard to comments received from the State Governments along with details of efforts made by the Department to obtain the requisite comments from the remaining States.

J. Need for Expeditious Issuance of Guidelines for identification of the Rural/Urban Poor/BPL Families

Recommendation (Serial No. 15, Para No. 8.5)

1.31 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that the Government is working on a National Food Security Bill in pursuance to the reference on the subject contained in the President's Address to the Joint Session of Parliament on 4th June, 2009. The Committee note that some important issues such as determination of number of BPL beneficiaries, scale of issue of foodgrains under the proposed Act, coverage under the Act to the APL category, etc. have been discussed by Empowered Group of Ministers (EGoM) in detail. Empowered Group of Ministers has asked the Planning Commission to arrive at a formulation for estimation of poverty for determining the BPL numbers. The Committee feel that it is obligatory on the part of the Government to provide a minimum food security to all. For this, the poverty estimates need to be revised based on the present day wage and expenditure level to determine the number of BPL and AAY families. The Committee, therefore, desire that the matter may be pursued expeditiously with the Planning Commission for early formulation of poverty estimates so that the exact number of BPL and AAY families are identified. Taking into consideration the paramount importance of providing foodgrains to the poor, the Committee desire that sincere efforts may be made for introduction of the aforesaid Bill in the Parliament at the earliest."

1.32 The Ministry in their action taken reply have stated as under:-

"The Planning Commission is the nodal agency of the Government of India for estimating poverty at National and State levels. Ministry of Rural Development is to finalize the guidelines for identification of the rural poor. An Expert Group has also been constituted by Planning Commission to recommend the methodology for identification of families living below poverty line in the urban areas. A study from Ministry of Urban Development & Poverty Alleviation on the issue is also on anvil.

The Planning Commission, Ministry of Rural Development and Department of Housing and Urban Poverty Alleviation (in the Ministry of Urban Development and Poverty Alleviation) have already been requested to expedite the issue of framing of guidelines.

The Government is committed to the enactment of the National Food Security Act. After consideration of the recommendations, if any, of the National Advisory Council (NAC) and other stakeholders which is also deliberating on all aspects of the proposed law on Food Security, and based on directions of the Empowered Group of Ministers (EGoM), a draft Bill will be prepared and placed on the website of the Department of Food and Public Distribution for public scrutiny and comments."

Comments of the Committee

1.33 The Committee in their earlier Report while observing that providing foodgrains to the poor is of paramount importance had desired that sincere efforts be made for early introduction of the National Food Security Bill in the Parliament while pursuing with the Planning Commission for early formulation of poverty estimates so as to identify the exact number of BPL and AAY families. In their action taken reply, the Department has stated that they have requested the Planning Commission, Ministry of Rural Development and Department of Housing & Urban Poverty Alleviation to expedite the issue of framing of guidelines for identification of the rural/urban poor/BPL families. The Department has further stated that the Government is committed to the enactment of the National Food Security Bill in the Parliament at the earliest. The National Advisory Council (NAC) and other stakeholders are deliberating on all aspects of the proposed law on food security and based on the direction of the Empowered Group of Ministers, the draft Bill will be prepared and placed on the website of the Department for public scrutiny and comments. The Committee are aware that recently the National Food Security Bill, 2011 has been introduced in Lok Sabha on 22.12.2011. The Committee hope that the Government will make all out efforts to get the Bill passed and enacted at the earliest to fulfil the aspirations of millions of people of the nation who need to be reassured about their food security.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No.1, Para No. 2.28)

2.1 The Committee note that the amount of Food Subsidy which was Rs. 31,260 crore in 2007-08 has increased to Rs. 68,198 crore in 2010-11 due to the increasing gap between Minimum Support Price (MSP) and Central Issue Price (CIP) of wheat and rice supplied to AAY, BPL and APL families under PDS. Various measures taken by the Government to contain the Food Subsidy Bill have not shown any positive result. The Committee are surprised to note that the Government has no updated data of the population living below the poverty line. Though poverty estimates have been made by various other Committees, viz. Arjun Sengupta Committee, Saxena Committee and Tendulkar Committee, the requirement of foodgrains and subsidy is decided on the basis of survey conducted by Planning Commission which is the lowest poverty estimate in the country based on poverty estimates of 1993-94. The Committee are of the opinion that the distribution of foodgrains at subsidized rates involving huge public expenditure would be a futile exercise until and unless the benefits of the TPDS reach the poorest of the poor in the country. The Committee, therefore, recommend that the Government should also take into account the findings of other Committees and the existing level of income and expenditure structure for finalizing the poverty estimates of AAY and BPL population in a time bound manner for deciding the allocation of foodgrains under TPDS so that the benefits of food subsidy actually reach the maximum number of AAY and BPL population.

Reply of the Government

2.2 Planning Commission is the nodal agency of the Government of India for estimating poverty at National and State levels.

The Planning Commission constituted an Expert Group to review the methodology of estimation of poverty under the Chairmanship of Prof. Suresh D. Tendulkar in December, 2005. The Expert Group submitted its report in December, 2009 and the salient features of the report are as follows:

(i) The Expert Group has acknowledged the multi-dimensional nature of poverty and recommended that the estimates of poverty continued to be based on private household consumer expenditure collected by National Sample Survey Organisation (NSSO).

(ii) The Group has recommended to move away from anchoring the poverty lines to the calorie intake norm.

(iii) In line with the decision of the National Sample Survey Organisation (NSSO), it has been recommended to adopt the Mixed Reference Period (MRP) based estimates of consumption expenditure as the basis for future poverty lines.

(iv) The Expert Group has also recommended MRP equivalent of urban Poverty Line Basket (PLB) corresponding to 25.7% urban headcount ratio as the new reference PLB.

(v) The proposed poverty lines have taken into account the adequacy of actual private expenditure per capita near the poverty lines on food, education and health by comparing them with normative expenditure consistent with nutritional, educational and health outcomes.

(vi) The new poverty lines have been generated for all the States including the north-eastern States.

(vii) On the basis of above methodology, the all-India rural poverty headcount ratio for 2004-05 is estimated at 41.8%, urban poverty headcount ratio at 25.7% and All India level at 37.2%.

In the Midterm Appraisal of the Eleventh Five Year Plan (2007-12), it has been indicated that the revised poverty lines recommended by the Tendulkar Committee have been accepted by the Planning Commission for 2004-05.

The Ministry of Rural Development issues guidelines for conducting of BPL census in rural areas. That Ministry had appointed an Expert Group for suggesting suitable framework and methodologies for identification of the rural poor. The Expert Group under the Chairmanship of Dr. N.C. Saxena submitted its Report which has been considered by an inter-ministerial core group. The core group has also held wide consultations on the subject including with the State Governments. As advised by the core group, the Ministry of Rural Development is in the process of conducting a pre-testing study to establish the final methodologies for identification of the rural poor. For urban areas, the Planning Commission have set up an Expert Group headed by Prof. S.R. Hashim on 13.5.2010, to recommend the detailed methodology for identification of families living below poverty line in the urban areas.

Presently, the Government is also actively considering enacting a law on Food Security, which would address many important issues of food security and public distribution system.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.3 Please *see* Para No.1.8 of Chapter-I of the Report.

Recommendation (Serial No.2, Para No. 2.29)

2.4 The Committee note that the proposal of the Department of Food and Public Distribution to distribute equivalent amount of food subsidy in cash, instead of subsidized foodgrains, to the eligible BPL and AAY families is still pending consideration. The Committee hope that the Department of Food and Public Distribution will pursue the matter with the Ministry of Finance for an early decision on the proposal.

Reply of the Government

2.5 The Department has prepared a draft scheme to test the feasibility of direct transfer of food subsidy in cash to BPL/AAY beneficiaries under TPDS. The scheme envisages transfer of food subsidy in cash to BPL/AAY families instead of distribution of foodgrains as is being done at present. This scheme has been prepared on the basis of proposals received from the State Governments of Uttar Pradesh, Haryana and Delhi. The draft Scheme is for pilot implementation in five districts.

Under the draft scheme, it is proposed to disburse equivalent amount of food subsidy in cash instead of subsidized foodgrains to the eligible BPL & AAY families. The amount of food subsidy will be deposited directly by the concerned district authorities in bank/post office accounts to be opened by each of the beneficiaries. With the cash subsidy, the BPL/AAY families would be able to purchase foodgrains and sugar of their choice from open market instead of taking delivery from the fair price shops as at present. The draft scheme is under examination in consultation with Ministry of Finance, Department of Expenditure, who have been last reminded on 14.09.2010.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.6 Please *see* Para No. 1.11 of Chapter-I of the Report.

Recommendation (Serial No.3, Para No. 2.30)

2.7 The Committee are concerned to note that there is acute shortage of covered space in the procuring regions i.e. Punjab, Haryana, Andhra Pradesh, Chhattisgarh and Orissa etc. In several consuming States also, the adequate storage is not available. A large quantity of foodgrains lying in open are getting rotten but the FCI has no arrangements to keep it in the covered godowns. In a country where incidents of hunger and malnutrition are still reported, such careless losses are a matter of serious concern. Further, intervention by Hon'ble Supreme Court in the matter, underlines the gravity of the situation. The Committee, therefore, deplore the lackadaisical manner of handling this issue by Government/FCI. Though every year, the Planning Commission very liberally allocates huge funds to FCI for construction of godowns, a large quantity of foodgrains is destroyed for want of adequate covered capacity of godowns in the procuring States. The Committee note that the High Level Committee (HLC) of FCI has given its approval for construction of storage godowns for a capacity of 127.65 lakh tonnes in various parts of the country, a major part being in the States of Punjab and Haryana. However, the proposal of HLC does not seem to be practical due to the very high cost of land in these States. The Committee, therefore, feel that different approach needs to be followed in respect of the States of Punjab and Haryana which are the major wheat and rice producing States and where the problem of storage occurs year after year. The Committee, therefore, strongly recommend that the Department should create storage capacity in these States and also in other States where non-cultivable land is available in a decentralized and time bound manner by using only the modern scientific technology.

Reply of the Government

2.8 It is true that due to higher procurement in the last three years, FCI and the State Agencies have been facing shortage of covered space. However, FCI has made all out efforts to hire storage capacity from all sources. The following table shows the storage capacity with FCI as on 1st September in the last 5 years: -

As on	Storage capacity (in lakh MT)
1st September 2005	250.32
1st September 2006	246.51
1st September 2007	240.29
1st September 2008	246.40
1st September 2009	277.09
1st September 2010	308.71

It may be seen that in the last three years alone, FCI has added 68.42 lakh MT covered storage capacity:

Period	**Storage capacity added (in lakh MT)**
2007-2008	6.11
2008-2009	30.69
2009-2010	31.62
Total	**68.42**

In addition to this, the Government of India has formulated a scheme for hiring of godowns under guarantee. This scheme has been further liberalized recently and it has now been decided that FCI will provide a guarantee for 10 years.

It is not correct that Planning Commission has allocated funds liberally. In fact, on a scheme submitted by FCI for sanction of Rs. 234 crores for 11th Plan for construction of godowns, Planning Commission had sanctioned only Rs. 125 crores. The allocation for the Plan Scheme has been inadequate. In the XIth Five Year Plan Rs.149 crores was allocated against Rs.291 crores which was projected by the Department. Out of an allocation of Rs. 149 crores about a capacity of 1.84 lakh tonnes can be created which is inadequate.

Due to high cost of land in Punjab, the Government of India has decided to transfer 20 lakh tonnes of capacity approved by the High Level Committee (HLC) under guarantee scheme from Punjab to other States in the following manner:

Serial No.	State	Capacity to be shifted from Punjab (in lakh tonnes)
1.	Rajasthan	2.60
2.	Uttar Pradesh	11.48
3.	Andhra Pradesh	3.29
4.	Karnataka	4.31
5.	Gujarat	3.07
6.	Maharashtra	7.30
7.	Madhya Pradesh	2.95
	TOTAL	35.00

The transferred capacity will be taken on 'first come first serve' basis and only 20 lakh tonnes of the transferred capacity will be taken up. The assessment of capacity is based on the following: -

a. In consuming states: Based on 4 months PDS and OWS requirement.

b. In procurement states: Highest stock of last three years.

c. Such requirement will be considered at 80% utilization of capacities after considering capacities available within a radius of 100 Kms.

The Government of India circulated guidelines for assessment of additional capacity required for DCP states vide Circular No. 20-3/2007-FC.II dated 08.04.2010. This circular provides for assessment of capacity on following basis: -

1. Criteria to examine the storage needs of the State

The quantity equivalent to 14 months allocation under TPDS and OWS will be retained by the State Govt. and balance quantity will be taken over by FCI.

2. Assessment of Storage capacity

i) For each month in the year, the sum of average stock of wheat and rice in a month in the last three years will be calculated.

ii) The highest of the sum of average stock of wheat and rice will be considered as the storage capacity required if it is less than 14 months requirement under TPDS and other welfare schemes. If this is excess of the state's 14 months' requirement under TPDS and other welfare schemes, such excess stocks will be taken over by FCI and suitable storage capacity will be created by FCI for management of these stocks. If sum of average stock is less than requirement of 4 months TPDS and other welfare schemes, then the requirement of 4 months would be considered.

iii) At the micro level, the requirement of storage capacity will be assessed in the following manner:

a) In plain areas, the existing storage capacity within 100 kms. available with FCI/CWC/SWC and other State Agencies will be taken into account.

b) In hilly areas, the existing storage capacity within 50 kms available with FCI/CWC/SWC, other State Agencies will be taken into account.

On the basis of above guidelines, the FCI has sanctioned capacity in various states as per details given as under: -

(Figures in MT)

Serial No.	STATE	Capacity approved by HLC	Sanction Capacity Transferred out of Punjab	Total
1.	Andhra Pradesh	227,000	329,000	556,000
2.	Bihar	300,000		300,000
3.	Chhattisgarh	5,000		5,000
4.	Gujarat	45,000	307,000	352,000
5.	Haryana	3,880,000		3,880,000
6.	Himachal Pradesh	142,550		142,550
7.	Jammu & Kashmir	361,690		361,690
8.	Jharkhand	175,000		175,000
9.	Karnataka	205,000	431,000	636,000
10.	Madhya Pradesh	1,40,000	295,000	435,000
11.	Kerala	15,000		15,000
12.	Maharashtra	99,500	715,000	829,500
13.	Orissa (DCP)	300,000		300,000
14.	Punjab *	7,125,000		7,125,000
15.	Rajasthan		260,000	260,000
16.	Tamil Nadu	345,000		345,000
17.	Uttarakhand	25,000		25,000
18.	Uttar Pradesh	1,533,000	1,148,000	2,681,000
19.	West Bengal(DCP)	156,600		156,600
	Total	15,080,340	3,485,000	16,425,340

*20 lakh tonnes capacity has been transferred out of Punjab.

A proposal for construction of storage godowns in the North East, capacity totaling 5.25 lakh tonnes at an estimated cost of Rs. 568 crore has been sent to the Ministry of Home Affairs for making a joint proposal for augmentation of storage capacity of foodgrains and POL items in the North Eastern States for sanction of Plan funds. The additional capacities identified for creation in NE States are meant to cater to four month's requirement of foodgrains of PDS and other Welfare Schemes.

So far as Central Warehousing Corporation (CWC) is concerned, as on 1st September, 2010, it is operating 481 warehouses with a total storage capacity of 103.25 lakh MT with 88% utilisation throughout the country for storage of foodgrains and other notified commodities. In addition to this, as on 1st September, 2010, the 17 State Warehousing Corporations(SWCs) are operating 224.81 lakh MT storage capacity for storage of foodgrains and other commodities with utilisation of 83%. List of warehouses is annexed at Annexure – I.

Central Warehousing Corporation has constructed 0.85 lakh MT of additional storage capacity during the year 2009-10(Annexure-II) and has planned for construction of 2.38 lakh MT storage capacity during the year 2010-11(Annexure-III). The work on the same is going on. The SWCs have constructed 1.79 lakh MT of additional storage capacity during the year 2009-10. CWC and SWCs are constructing these additional godowns by themselves utilizing their own resources.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
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Annexure-I

STORAGE CAPACITY of CWC AS ON 1/9/2010 (figures in Lakh MT)

STATE/UT	No. of warehouses	COVERED CAPACITY			CAP CAPACITY			GRAND TOTAL	PERCENTAGE UTILIZATION
		OWNED	HIRED	TOTAL	OWNED	HIRED	TOTAL		
A&N Islands	1	0.03	0	0.03	0	0	0	0.03	100
AP	50	11.55	1.08	12.63	0.5	0.98	1.48	14.11	88
Assam	6	0.64	0	0.64	0.01	0	0.01	0.65	94
Bihar	17	0.93	0.24	1.17	0.13	0	0.13	1.3	93
Chandigarh	1	0.11	0	0.11	0.02	0	0.02	0.13	102
Chhattisgarh	13	1.93	0.36	2.29	0.17	0.44	0.61	2.9	82
Delhi	10	1.13	0.22	1.35	0.15	0	0.15	1.5	134
Goa	2	0.22	0	0.22	0.08	0.11	0.19	0.41	75
Gujarat	28	3.72	1.06	4.78	2.51	0.42	2.93	7.71	84
Haryana	28	3.87	1.19	5.06	0.25	0	0.25	5.31	60
HP	3	0.07	0	0.07	0	0	0	0.07	81
Jharkhand	3	0.34	0	0.34	0.01	0	0.01	0.35	96
Karnataka	39	2.56	2.66	5.22	0.53	0	0.53	5.75	93
Kerala	10	1.19	0.03	1.22	0.01	0	0.01	1.23	88
M. P.	27	4.56	0.54	5.1	0.22	0.04	0.26	5.36	91
Maharashtra	52	5.65	1.88	7.53	6.59	2.26	8.85	16.38	86
Nagaland	1	0.13	0	0.13	0	0	0	0.13	100
Orissa	12	1.49	0.05	1.54	0	2.12	2.12	3.66	100
Pondicherry	1	0.07	0	0.07	0	0	0	0.07	54
Punjab	25	6.11	0.47	6.58	0.2	0	0.2	6.78	95
Rajasthan	31	2.68	1.1	3.78	0.13	0.08	0.21	3.99	99
Tamil Nadu	25	5.42	0.15	5.57	0.73	0.01	0.74	6.31	95
Tripura	2	0.24	0	0.24	0	0	0	0.24	92
U.P.	51	9.76	0.29	10.05	1.52	0.06	1.58	11.63	75
Uttarakhand	6	0.64	0.07	0.71	0	0	0	0.71	91
West Bengal	37	3.56	1.47	5.03	1.33	0.16	1.49	6.52	78
TOTAL	481	68.60	12.86	81.46	15.09	6.68	21.77	103.23	89

Annexure – I (Contd.)

STORAGE CAPACITY of SWC AS ON 1/9/2010 (figures in Lakh MT)

STATE/UT	No. of warehouses	COVERED CAPACITY			CAP CAPACITY	GRAND TOTAL	PERCENTAGE UTILIZATION
		OWNED	HIRED	TOTAL	OWNED		
AP	131	5.34	16.43	21.77	0.00	21.77	101
Assam	44	2.10	0.41	2.51	0.00	2.51	73
Bihar	42	1.45	1.13	2.58	0.00	2.58	92
Chhattisgarh	107	5.14	5.23	10.37	0.00	10.37	97
Gujarat	46	1.45	0.06	1.51	0.00	1.51	49
Haryana	107	10.13	2.99	13.12	3.72	16.84	98
Karnataka	120	6.37	4.28	10.65	0.00	10.65	92
Kerala	59	1.80	0.31	2.11	0.00	2.11	73
M. P.	258	11.64	19.28	30.92	1.71	32.63	93
Maharashtra	165	11.41	0.95	12.36	0.12	12.48	63
Meghalaya	6	0.14	0.00	0.14	0.00	0.14	80
Orissa	60	3.95	0.14	4.09	0.00	4.09	94
Punjab	113	24.12	29.21	53.33	5.42	58.75	95
Rajasthan	90	7.50	0.17	7.67	0.00	7.67	92
Tamil Nadu	59	6.23	0.22	6.45	0.00	6.45	89
U.P.	145	23.70	8.40	32.10	0.00	32.10	75
West Bengal	30	1.37	0.79	2.16	0.00	2.16	59
TOTAL	1582	123.84	90.00	213.84	10.97	224.81	83

Annexure-II

Centre-wise capacity constructed by Central Warehousing Corporation during 2009-10

Sl. No.	Centre	State	Capacity in MT
1.	Barhi	Haryana	10800
2.	Tohana	Haryana	5000
3.	Naraingarh	Haryana	10000
4.	Baran	Rajasthan	5000
5.	Sitapura-II	Rajasthan	5000
6.	Bhatinda	Punjab	23400
7.	Ropar	Punjab	5000
8.	Mandigobindgarh	Punjab	6200
9.	Moga-II	Punjab	9600
10.	Bhatapara-II	Chhattisgarh	5000
Total			85000

Annexure – III

CWC's CENTRE-WISE CONSTRUCTION PLAN FOR THE YEAR 2010-11

Sl. No.	**Name of the Centre**	**State**	**Capacity (in MT)**
1.	Bhatinda	Punjab	11600*
2.	Bodhan	Andhra Pradesh	9000
3.	Kakinada	Andhra Pradesh	10000
4.	Tumkur	Karnataka	13100
5.	Gadag-II	Karnataka	10000
6.	Edathala	Kerala	1700
7.	Kakkanad	Kerala	6850
8.	CFS Kannur	Kerala	3400
9.	Tuticorin	Tamil Nadu	7500
10.	Virudunagar	Tamil Nadu	5250*
11.	Hosur-II	Tamil Nadu	15000*
12.	Cuddalore	Tamil Nadu	15000*
13.	Bolangir	Orissa	30000
14.	Junagarh	Orissa	12000
15.	Choudhwar	Orissa	3000
16.	Surat-II	Gujarat	1500
17.	Akola-II	Maharashtra	17400*
18.	CFS District Park D'Node	Maharashtra	3600

19.	Gondia	Maharashtra	10000
20.	Bikaner-II	Rajasthan	5000
21.	Chomu	Rajasthan	10000
22.	Sitapura-II	Rajasthan	10000
23.	Greater Noida	UP	27000
	Grand Total		**2,37,900** **(Say 2.38 lakh MT)**

*For FCI under 6 years guarantee scheme.

Recommendation (Serial No.5, Para No. 2.32)

2.9 The Committee are unhappy to note that despite several steps taken by FCI to minimize the storage and transit losses, there is no reduction in such losses. The Committee are of the opinion that due to poor maintenance of godowns, a large quantity of valuable foodgrain is lost every year. The Committee, therefore, strongly recommend that FCI should adopt scientific and modern technology for storage and ensure timely transportation of foodgrains. Any damage of foodgrains that occurs due to human error should be thoroughly investigated and responsibility fixed for such losses and the guilty officials be punished.

Action taken by the Government

2.10 Damage to the foodgrains in FCI godowns are being investigated and responsibility is being fixed for such losses. As a result of various inspections/investigations, which have brought out the delinquents responsible for wastage/damage of foodgrains, details of action taken against the officials are as follows:

Year	**No. of officials proceeded against for wastage/ damage of foodgrains**	**No. of cases finalized**
2007-08	31	26
2008-09	50	43
2009-10	28	25
Total	**109**	**94**

Timely movement of foodgrains

During the year 2010-11 (April to August 2010) 42.26 lakh tones of wheat & 21.49 lakh tones of rice held by FCI and State Agencies has been moved by rail/road from Punjab. During the same period 24.62 lakh tones of wheat and 5.82 lakh tones of rice held by FCI and State Agencies has been moved from Haryana.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.11 Please *see* Para No.1.14 of Chapter-I of the Report.

Recommendation (Serial No.6, Para No. 2.33)

2.12 The Committee are not satisfied with the system of Internal Audit and Physical Verification of stock of foodgrains conducted by FCI, wherein the depots having capacity of 10,000 MT are physically verified in a year and depots having less than 10,000 MT capacity are physically verified once in two years. The Committee are not convinced with the plea of the FCI that the physical verification could not be conducted due to shortage of manpower. The Committee are of the opinion that the physical verification of the stock is very essential which should be conducted frequently so that any damage to foodgrains from insects, rats, moisture etc. could be timely detected. It must be ensured that the foodgrains are kept in scientific manner and the rule of First Come and First Out (FIFO) is carefully followed. The Committee, therefore, strongly recommend that FCI should deploy more persons, if required, so as to check the stock of foodgrains kept in all their depots at least once in six months.

Action taken by the Government

2.13 As far as shortage of manpower is concerned, the process of recruitment of staff and officers is going on and after recruitment of staff and officers as stated above more persons will be deployed in IA&PV Division as per the recommendations of the Committee. However, the stock position vis-à-vis staff position for the last three years is as under:-

(Figures in lakh tones)

	Stock Position	Staff Position
31.03.2008	197.54	215
31.03.2009	355.82	204
31.03.2010	433.04	161

It is further submitted that foodgrains kept in FCI depots are checked on quarterly basis at the end of the each quarter by the person/officers other than the custodian of the stock. The matter has been discussed in the meeting of the COPLOT (Committee on Paper Laid on the Table of the Parliament) held on 09.04.2010. The Committee directed C&AG to carry out physical verification.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Recommendation (Serial No.7, Para No. 3.11)

2.14 The Committee note that the Government of India launched the Targeted Public Distribution System (TPDS) in June, 1997 with a view to making foolproof arrangements for identification of poor population for delivery of foodgrains through FPS at subsidized rates. The poorest of the poor person are distributed the foodgrains at the lowest price i.e. Rs. 2 per kg. of wheat and Rs. 3 per kg. of rice under the Antyodaya Anna Yojana (AAY) Scheme. The Government has adopted Nine Point Action Plan in July, 2006 to make TPDS more effective. The Committee regret to note that despite various measures taken by the Government to streamline and strengthen the TPDS, there is no satisfactory improvement in its functioning. There is error in inclusion and exclusion of targeted families in the list of BPL and AAY families. Besides, the diversion and leakage of foodgrains has become a more serious problem in the States. The Citizen's Charter issued by GOI in July, 2007 to increase the transparency in the functioning of TPDS has not yet been adopted by all the States/UTs. In the opinion of the Committee, this could be attributed to weak monitoring over the scheme on the part of the Department and lack of coordination with the State Governments. Consequently, a large number of poor families are being deprived of the benefits of the subsidized foodgrains. The Committee, therefore, recommend that the Department should make concerted efforts to implement the Nine Point Action Plan and closely monitor the scheme so that the AAY and BPL families get their due share of foodgrains. The Department should also impress upon all the States/UTs to follow the guidelines laid down in the revised Citizen's Charter to ensure food security to weaker sections of the society under TPDS.

Action taken by the Government

2.15 The Department is taking all necessary measures to closely monitor the implementation of Targeted Public Distribution System (TPDS) by State/UT Governments. For monitoring the implementation of the Nine Point Action Plan, guidelines under the Revised Citizen's Charter, etc., regular meetings at the level of Food Ministers, Food Secretaries and other officials of States/UTs is being held. A Conference of State Food Secretaries on Best Practices and the Reforms in Public Distribution was also held on 12-13 July, 2010 in New Delhi. The concern of the Committee with regard to effective implementation of the Nine Point Action Plan and implementation of the guidelines laid in the Revised Model Citizen Charter by the States/UTs is also being conveyed to the State/UT Governments.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Recommendation (Serial No.8, Para No. 3.12)

2.16 The Committee are perturbed to note that the Government has not conducted any survey to identify the poor families who do not have the ration cards. The Committee feel that the ration card is the only tool through which the poor people can get the subsidized foodgrains from Fair Price Shops. In the opinion of the Committee, it is the responsibility of the Government not only to eliminate the bogus ration cards but also to ensure that no eligible applicant is denied a ration card. The Committee observe that since July, 2006 Government has detected 174.10 lakh bogus/ineligible ration cards from 23 States but they do not have the data of poor persons who have not been issued the ration cards so far. The Committee strongly recommend that the Government should launch a special drive to identify and issue ration cards to poor families under AAY or BPL who have not yet been issued the cards so as to ensure that the benefit of the Public Distribution System reaches the intended people at the grass root level. The Committee feel that the use of modern technology such as smart cards can go a long way in the verification of the genuineness of the card holders and ensuring the effectiveness of PDS.

Action taken by the Government

2.17 Allocation of foodgrains (wheat and rice) is made to States and UTs under Targeted Public Distribution System (TPDS) for 6.52 crore accepted number of BPL families, based on 1993-94 estimates of Planning Commission and population estimates of Registrar General of India as on 1st March, 2000. However, a higher number of BPL ration cards has been issued by States/UTs, which is due to improper targeting of poor households and inclusion as well as exclusions errors. The State/UT Governments have been directed from time to time to review the lists of BPL and AAY families to eliminate bogus/ineligible ration cards and to include more eligible BPL families. All State & UT Governments had been further advised in August, 2009 to take up a special campaign from October, 2009 to December, 2009 for verification of all AAY and BPL ration card holders so as to detect and eliminate bogus/ineligible ration cards.

Further it is stated that the Department of Food and Public Distribution has taken up for implementation a Scheme of Smart Card based delivery of TPDS commodities. The project has been launched on pilot basis in Chandigarh UT and State of Haryana. After evaluation of the implementation of the scheme, the same will be considered to be extended to other States/UTs.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.18 Please *see* Para No.1.17 of Chapter-I of the Report.

Recommendation (Serial No.10, Para No. 5.8)

2.19 The Committee note that the Decentralized Procurement Scheme like other schemes of the Department, also suffer for want of infrastructural facilities, timely release of funds, submission of utilization certificates and proper planning for distribution of foodgrains. Besides, only six States have undertaken the scheme for procurement of wheat and ten States/UTs for rice within their States. In the opinion of the Committee, DCP scheme is one of the most important schemes being implemented with a view to lessening the burden of FCI and reducing the dependence on Central Government. The Committee would, therefore, urge the Government to remove the above-mentioned shortcomings in the scheme so that the States can contribute towards the Central pool thereby enhancing the food security. The Committee would also like the Department to encourage the other States who have surplus production of foodgrains to participate in the movement of make India hunger-free, by adopting the Decentralized Procurement Scheme.

Action taken by the Government

2.20 The Scheme of Decentralised Procurement (DCP) of foodgrains was introduced in 1997-98 with a view to enhance the efficiency of procurement and PDS and to encourage local procurement and reduce out go of food subsidy. In it, the States undertake the responsibility of procurement of foodgrains, its scientific storage and distribution through Targeted Public Distribution System (TPDS). The surplus of foodgrains procured by DCP States, in excess of their TPDS requirement is handed over to FCI for the Central Pool stocks and deficit, if any, is met by FCI.

The decision regarding adoption of DCP system lies with the State Governments. The determining factors are infrastructure and resources available with the respective State Governments including manpower, storage and necessary logistics required for procurement and accordingly, State Government's readiness to undertake DCP procurement.

The major infrastructure required for procurement operation is the storage facilities for the foodgrains. To assist and encourage the State Governments to create sufficient storage space, Government of India has launched the Scheme for construction of godowns for FCI - Storage requirement through private entrepreneurs – 2008 on 28.07.2008.

This Department has also formulated and circulated on 08.04.2010 a similar scheme for creation of storage space in the DCP States. The State Governments or any agency designated by it will assess the storage gap. The storage space to be created in the DCP States would be so as to meet at least

4 months' requirement of the State and a maximum of its annual TPDS/OWS requirement.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.21 Please *see* Para No.1.23 of Chapter-I of the Report.

Recommendation (Serial No. 11, Para No. 6.7)

2.22 The Committee regret to note that huge amount to the tune of Rs. 3166.24 crore is outstanding on account of foodgrains supplied to the Ministry of Rural Development and Ministry of Human Resource Development at low cost for their welfare schemes. Out of this, Rs. 2890.82 crore is due against the Ministry of Rural Development and Rs. 265.42 crore towards the Ministry of Human Resource Development (HRD). The Committee fail to understand the reasons behind outstanding dues when the States/UTs are required to deposit the full amount of foodgrains in advance before lifting the foodgrains from the depots of Food Corporation of India (FCI). The Committee feel that the Government is not sincere in the matter of liquidation of the dues. In the opinion of the Committee, the very purpose of the subsidy is defeated if the funds are not utilized properly for the intended purpose. The Committee, therefore, recommend that the Department of Food and Public Distribution should take up the matter with the Ministry of Rural Development and Ministry of Human Resource Development at the highest level for early payment of outstanding dues so that the money could be utilized for the benefit of poor people.

Action taken by the Government

2.23 FCI has informed that under SGRY and MDM schemes of Ministry of Rural Development (MoRD) and Ministry of Human Resource Development (MoHRD) respectively, foodgrains were supplied on credit sale basis and the cost of foodgrains is reimbursed only after submission of bills to the concerned Ministries. However, in case of MoRD supply of foodgrains has not been made since 2008-09.

Regarding supply of foodgrains to MoHRD under MDM scheme, the payment of foodgrains supplied under MDM scheme has been decentralized since 01.04.2010 and the payment is made by concerned Revenue District Authorities (RDA).

To liquidate the outstanding dues against MoRD and MoHRD, continuous efforts are being made by this Department and FCI.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.24 Please see Para No. 1.26 of Chapter-I of the Report.

Recommendation (Serial No. 12, Para No. 6.8)

2.25 The Committee further observe that the Government has modified the procedure for allocation of foodgrains for other welfare schemes under which consolidated bill for the foodgrains lifted during a particular month would be raised by the local office of FCI at the District level by the 10th of the succeeding month and the prescribed District Authority of the State Government would make payment within the next 20 days. The Committee feel that the new procedure may not be effective until and unless it is implemented in letter and spirit. The Committee while considering it a wise step taken by the Government, desire that the scheme should be closely monitored to ensure that funds are not held up on account of late payment for supply of foodgrains under any welfare scheme.

Action taken by the Government

2.26 Foodgrains under the other welfare schemes are being allocated on pre-payment basis to the concerned States/UT Governments who have to deposit the cost of foodgrains to the FCI before lifting of foodgrains. Hence, there is no issue of delayed payment of cost of foodgrains under these schemes except in the case of MDM Scheme which is being implemented by Department of School Education & Literacy, M/o HRD. M/o HRD, until last year, was making post-payment in a centralized manner directly to FCI for the foodgrains allocated under the scheme. The new procedure of decentralized post-payment was introduced by that Ministry from 1st April, 2010 under which payment for foodgrains lifted by the district authorities in a particular month shall be made by the end of the next month at district level to FCI.

The Department of Food & Public Distribution has been insisting on lifting of foodgrains at the district level on prepayment basis as is the case of all other schemes. However, this has not been agreed to by that Ministry.

To implement the new procedure of payment, this Department has requested FCI to closely watch payments to FCI at the district level and report on the progress. Based on the feedback received from the FCI in the next two months, a review would be made on the effectiveness of the decentralized post payment system and further action will be taken to streamline the payment system.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Recommendation (Serial No.13, Para No.7.7)

2.27 The Committee are unhappy to note that there is no uniformity in various taxes like VAT, market fee, Nirashrit Shulk, Infrastructure Development Tax, Rural Development Tax, etc. levied by respective State Governments on foodgrains procured for Central Pool. Some State Governments like Punjab and Andhra Pradesh are levying as high as 13.5% and 12.5% of taxes, respectively while only 3% is being levied by the West Bengal Government. The Committee have been informed that levying of taxes is the prerogative of the concerned State Governments who generate revenue by way of taxes to meet their State specific requirements. The Committee feel that imposing of heavy tax on foodgrains will adversely affect the procurement movement by FCI for Central Pool which is subsequently paid up by the Government of India as food subsidy. Besides, all the States have not adopted a uniform pattern of VAT on foodgrains. The Committee, therefore, recommend that the Department of Food and Public Distribution should take up the matter with the State Governments/UT Administration and impress upon them to re-look at their taxes and levies on procurement of foodgrains to minimize the heavy burden of Food Subsidy Bill. The Committee also desire that the TAX/VAT should not be levied on the procurement of coarse grain as it is produced by the small farmers in rain-fed areas to meet the local requirement of the States.

Action taken by the Government

2.28 The above recommendation of the Committee was sent to State Governments of Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, West Bengal, Rajasthan, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Uttar Pradesh and Uttarakhand for comments. With reference to above recommendation, Government of Andhra Pradesh has informed that the State Government has exempted the VAT on the coarsegrains. The State Government has informed that in view of the heavy expenditure being borne on various welfare schemes by the State Governments, like supply of rice @ Rs.2/per Kg. involving huge subsidy at State level, it is not possible for them either to remove or to reduce the VAT percentage on rice. The State Government has also expressed its inability to remove the market fee, VAT on rice and RD Cess on paddy. Response of other State Governments on the recommendation of the Committee has not yet been received.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.29 Please *see* Para No.1.31 of Chapter-I of the Report.

Recommendation (Serial No.14, Para No.7.8)

2.30 The Committee further note that the two States namely Gujarat and Rajasthan have exempted wheat from levying of VAT. Similarly, there is no VAT on procurement of rice in seven States, namely, Gujarat, Jharkhand, Karnataka, Kerala, Maharashtra, Rajasthan and West Bengal. The Committee are aware that the concept of Value Added Tax (VAT) was introduced with a view to having harmonized tax structure in respect of all the commodities, under which all the taxes like Sales Tax, Local Mandi Taxes and other market taxes have been merged with VAT. The Committee are of the view that levying of VAT on the foodgrains will ultimately lead to increase in the prices of foodgrains. The Committee, therefore, recommend that the Department of Food and Public Distribution should impress upon the remaining States to exempt the foodgrains from VAT and cooperate with the Central Government to reduce the Food Subsidy Bill.

Action taken by the Government

2.31 The above recommendation of the Committee was sent to State Governments of Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, West Bengal, Rajasthan, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Uttar Pradesh and Uttarakhand for comments. State Government of Karnataka has informed that there is no VAT on sale of procurement of rice in Karnataka. No response from any other State Govt. has been received as yet.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.32 lease *see* Para No.1.31 of Chapter-I of the Report.

Recommendation (Serial No.15, Para No. 8.5)

2.33 The Committee note that the Government is working on a National Food Security Bill in pursuance to the reference on the subject contained in the President's Address to the Joint Session of Parliament on 4th June, 2009. The Committee note that some important issues such as determination of number of BPL beneficiaries, scale of issue of foodgrains under the proposed Act, coverage under the Act to the APL category, etc. have been discussed by Empowered Group of Ministers (EGoM) in detail. Empowered Group of Ministers has asked the Planning Commission to arrive at a formulation for estimation of poverty for determining the BPL numbers. The Committee feel that it is obligatory on the part of the Government to provide a minimum food security to all. For this, the poverty estimates need to be revised based on the present day wage and expenditure level to determine the number of BPL and AAY families. The Committee, therefore, desire that the matter may be pursued expeditiously with the Planning Commission for early formulation of poverty estimates so that the exact number of BPL and AAY families are identified. Taking into consideration the paramount importance of providing foodgrains to the poor, the Committee desire that sincere efforts may be made for introduction of the aforesaid Bill in the Parliament at the earliest.

Action taken by the Government

2.34 The Planning Commission is the nodal agency of the Government of India for estimating poverty at National and State levels. Ministry of Rural Development is to finalize the guidelines for identification of the rural poor. An Expert Group has also been constituted by Planning Commission to recommend the methodology for identification of families living below poverty line in the urban areas. A study from Ministry of Urban Development & Poverty Alleviation on the issue is also on anvil.

The Planning Commission, Ministry of Rural Development and Department of Housing and Urban Poverty Alleviation (in the Ministry of Urban Development and Poverty Alleviation) have already been requested to expedite the issue of framing of guidelines.

The Government is committed to the enactment of the National Food Security Act. After consideration of the recommendations, if any, of the National Advisory Council (NAC) and other stakeholders which is also deliberating on all aspects of the proposed law on Food Security, and based on directions of the Empowered Group of Ministers (EGoM), a draft Bill will be prepared and placed on the website of the Department of Food and Public Distribution for public scrutiny and comments.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

2.35 Please see Para No.1.33 of Chapter-I of the Report.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Serial No.4, Para No. 2.31)

3.1 The Committee note that Punjab contributes maximum amount of wheat and rice for the Central Pool but as the water level of the land has gone down considerably, the State is facing an acute shortage of water for cultivation. The Committee feel that deficiency in rainfall creates drought like situation in many parts of the country which has an adverse impact on the production of foodgrains. The Committee are of the opinion that adequate help needs to be given for upgradation and repair of canal system which is 150 years old, so as to stop large scale wastage of water. The Committee, while considering the shortage of water as a serious problem, recommend that the Department of Food and Public Distribution should take up the matter with other concerned agencies, such as the Ministry of Water Resources, to provide adequate water security and solve the problem of water scarcity so that production of wheat and rice is not affected.

Action taken by the Government

3.2 The above recommendation of the Standing Committee mainly pertains to Ministry of Water Resources. They have informed that at present, two projects of the State namely "Relining of Sirhind Feeder from RD 119700 to RD 447927 and Relining of Rajasthan Feeder from RD 179000 to 496000 with estimated cost of Rs.489.165 crore and Rs.952.10 crore respectively are under consideration of Ministry of Water Resources for providing central assistance under the Accelerated Irrigation Benefits Programme. Further, one more project namely Extension, Renovation and Modernization of Canals being fed from River Sutlej has been approved by the TAC with estimated cost of Rs.734.46 crore which could be considered for inclusion in the AIBP as per guidelines of the AIBP on receipt of the proposal from the Government of Punjab.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No.9, Para No. 4.6)

4.1 The Committee are disappointed to note that claim of huge amount is still pending with Food Corporation of India (FCI) for being paid to States/UTs on account of cost of transportation of foodgrains under Hill Transport Subsidy (HTS) Scheme since 2006 for one or the other reasons. The Committee observe that the total outstanding amount to be reimbursed is Rs. 43,14,32,404, out of which Rs. 1,03,52,005 is to be reimbursed to Sikkim, Rs. 7,30,08,711 to Jammu & Kashmir, Rs. 2,66,52,555 to Himachal Pradesh, Rs. 7,05,01,200 to Mizoram, Rs. 19,17, 933 to Tripura and Rs. 25 crore to Arunachal Pradesh on account of cost of Transport for lifting the foodgrains from the base depots of FCI. The Committee are not happy with the situation and recommend that the Department/FCI should make sincere efforts for liquidation of the outstanding dues of these States/UTs so that they may be able to lift the foodgrains periodically and the poor people of the hilly and inaccessible States may also get the benefits of subsidized foodgrains under Hill Transport Subsidy (HTS) Scheme.

Action taken by the Government

4.2 Recommendations of the Committee have been communicated to the Food Corporation of India for necessary action and the progress in the matter is being monitored and pursued regularly.

[Ministry of Consumer Affairs, Food & Public Distribution,
Department of Food & Public Distribution
O.M.No.G-20017/9/2010-AC, dated 19th Nov. 2010]

Comments of the Committee

4.3 Please *see* Para No.1.20 of Chapter-I of the Report.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH
THE FINAL REPLIES OF THE GOVERNMENT
ARE STILL AWAITED

- NIL -

NEW DELHI
09 January, 2012
19 Pausa, 1933 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

APPENDIX I

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON MONDAY, THE 9th JANUARY, 2012

The Committee sat from 1400 hrs. to 1445 hrs. in Committee Room No. '53', First floor, Parliament House, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Tarachand Bhagora
3. Shri Sanjay Dhotre
4. Dr. Ram Chandra Dome
5. Shri Prataprao Ganpatrao Jadhav
6. Shri Lal Chand Kataria
7. Shri Marotrao Sainuji Kowase
8. Shri Gobinda Chandra Naskar
9. Shri Prabodh Panda
10. Shri Purnmasi Ram

RAJYA SABHA

11. Smt. T. Ratna Bai
12. Shri Rajniti Prasad
13. Shri Sanjay Raut
14. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for (i) consideration and adoption of the draft Action Taken Report of the Committee on the subject, "Food Subsidy and Its Utilization" pertaining to Department of Food and Public Distribution and (ii) to decide course of action on "The Consumer Protection (Amendment) Bill, 2011" pertaining to the Department of Consumer Affairs.

3. The Committee took up for consideration the draft Report and unanimously adopted the same without any amendments/modifications. The Committee after due deliberations approved the course of action to be taken on 'The Consumer Protection (Amendment) Bill, 2011' as contained in the Memorandum No. 2.

4. The Committee then authorized the Chairman to finalize the aforesaid Report and present the same to the Parliament during the ensuing Session of Parliament. The Committee also decided to convene the next sitting on 23rd January, 2012.

The Committee then adjourned.

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APPENDIX II

(*Vide* Para No. 4 of Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE EIGHTH REPORT OF THIS STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2009-10) (FIFTEENTH LOK SABHA)

(i) Total number of Recommendations: 15

(ii) Observations/Recommendations which have been accepted by the Government :-

Serial Nos. – 1, 2, 3, 5, 6, 7, 8, 10, 11, 12, 13, 14 and 15.
(Paragraph Nos. – 2.28, 2.29, 2.30, 2.32, 2.33, 3.11, 3.12, 5.8, 6.7, 6.8, 7.7, 7.8 and 8.5).

(Chapter –II, Total : 13)
Percentage: 86.66%

(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:-

Serial No. 4
(Paragraph No. - 2.31)

(Chapter – III, Total : 1)
Percentage:6.67%

(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-

Serial No. 9
(Paragraph No. – 4.6)

(Chapter – IV, Total : 1)
Percentage:6.67%

(v) Observations/Recommendations in respect of which the replies of the Government are still awaited:-

Serial No. Nil
(Paragraph No. – Nil)

(Chapter – V, Total : Nil)
Percentage: 00.00%